

Business

# Boubyan Bank records net profit of KD 56.1 million for year 2018

## Board of Directors recommends to distribute 8 fils cash dividends and 5% bonus shares

KUWAIT: Boubyan Bank reported a net profit of KD 56.1 million in 2018, at a growth rate of 18 percent compared to the previous year with an Earnings Per Share of 21.37 fils compared to 17.81 fils for the year 2017. This is a continuation of the pace of profitability growth as well as the growth in various financial indicators of the bank since 2010. The Board further recommended that the General Assembly distribute 8 percent in cash dividends (8 fils per share) and 5 percent in bonus shares.

Mahmoud Al-Fulajji, the Bank's Chairman, congratulated all the customers and the staff of the bank on such remarkable profits made by the bank again in a year which could be added to the recent excellent years of the journey of the bank, which managed to acquire market shares in various segments in a record time.

Al-Fulajji stated: "By all aspects, 2018 was a special year for Boubyan Bank whether in terms of profitability or the growth of our financial indicators which reflects the success of our strategy that focus on expansion in the Kuwaiti market." "With the advent of the new year, we hope to keep up our pace of growth which we have been maintaining over the past years, and to be up to the expectations of our customers and shareholders.", he added while stating that 2018's dividends' distribution has been the highest for shareholders since the bank's incorporation in 2004, and that this confirms the successes achieved by the bank.

On his part, Adel Abdul Wahab Al-Majed, the Bank's Vice-Chairman & Chief Executive Officer, stated: "Despite the challenges from competition, we managed, thanks to Allah Almighty, and thanks to our human resources, to achieve our targets by acquiring market shares in various sectors whether in retail or corporate banking services."

Al-Majed stressed that this reflects the level of trust the bank enjoys, whether being shareholders or customers, and that this reflected positively on all of the bank's financial indicators.

### Positive growth of key indicators

Al-Majed stated that all of the Bank's main performance indicators witnessed a remarkable growth in 2018, where the total assets increased to KD 4.3 billion at a growth rate of 9 percent while the operating income increased to reach KD 140 million at a growth rate of 11 percent in addition to the increase in customers' deposits by 9 percent, amounting to KD 3.7 billion.

He further added that the total equity of the bank increased to KD 408 million, in 2018, compared with KD 375 million in 2017 and that there was a notable increase in the financing portfolio to KD 3.3 billion with a growth rate of 13 percent in addition to the continuous growth of the bank's customers' base.

Al-Majed stated as well that the market share, in financing, increased to approximately 8.6 percent with the Bank's share in the retail finance increasing to approximately 12 percent. Besides, the bank recorded



Mahmoud Al-Fulajji



Adel Abdul Wahab Al-Majed

outstanding growth rate of 14 percent in the corporate credit portfolio compared to last year. This was achieved by building relationship with a number of companies known for their financial position and creditworthiness while continuing to maintain the highest standards of credit quality, monitoring and diversifying risks.

### The Kuwaiti market and the capital increase

Al-Majed confirmed that the bank would continue to focus on the local market which has many growth opportunities while stating that the bank obtained CBK's approval in December 2018 to increase its capital by 15.75 percent through the rights issuance with a premium of 250 fils per share along with the par value of 100 Fils per share

### Development and mega projects

During the previous years, Boubyan Bank financed a number of development projects in Kuwait amounting to more than KD 250 million, which were diversified over education, health, roads, bridges in addition to the constructions sector. The bank also financed a large number of projects for companies that are classified and registered with the Central Tenders Committee.

This comes in line with the bank's financing policy which focuses on selecting vital projects that contribute effectively towards the development of the country.

Last year, Boubyan managed to successfully participate in several financing deals worth USD +700 million locally and regionally. This includes the financing of some reputable financial institutions in addition to entering into deals to finance mega strategic projects.

One of the major projects where the bank played a significant role in 2018 was the Duqm Refinery Project in the Sultanate of Oman where the value exceeded \$4.6 billion. The bank was a part of the Islamic syndicated financing extended to the project in addition to financing Kuwait Integrated Petroleum Industries Company in excess of USD 300 million for the construction of the liquefied natural gas terminal.

Indicator	2018	2017	Growth
Net profits	56.1	47.6	18%
Operational revenues	140	126	11%
Customers' deposits	3,721	3,410	9%
Financing portfolio	3,262	2,877	13%
Assets	4,345	3,970	9%

### Leadership in technology

On the other hand, Al-Majed stressed that the bank would continue opening new branches after reaching 42 branches, and he stated: "In line with our domestic geographic expansion to be closer to our clients, we are continuing our investment in e-services and e-banking products which placed us ahead of other local banks. We are doing that in order to cater for the various needs of our clients."

Boubyan Bank reiterated its excellence and its ahead-of-the-curve position in digital banking in Kuwait and the Middle East by receiving 4 awards recently from Global Finance. The Bank was named the World's Best Islamic Digital Bank, the Best Islamic Digital Bank in the Middle East and the Best Islamic Digital Bank in Kuwait in addition to being named the Best Innovative Digital Bank.

The bank was further named the Best Islamic Bank in Kuwait by the Banker, the renowned financial publication, in addition to receiving many other awards including the first place award in Kuwait in customer service from Service Hero, the international consumer-driven customer satisfaction index.

### Leadership in creativity and innovation

Al-Majed went on to add that this year witnessed the introduction of many services and products which were first introduced to the Kuwaiti market by Boubyan Bank, and that kept Boubyan in its leadership position in an attempt to distinguish its clients and provide them with a unique banking experience.

"One of these services is "Msa3ed" which allows clients to perform transactions on their accounts round the clock in addition to the Digital Murabaha Service which helps complete finance application procedures through smart phones and online banking.", he added.

Al-Majed also stated: "For the first time in Kuwait, Boubyan Bank clients can now apply for a credit card at any time through online banking by using their PACI-verified digital signature."

He also spoke of the cooperation with the government sector where the bank signed a Mutual Cooperation Protocol with Kuwait Credit Bank to activate and offer a group of digital services which would facilitate banking transactions for the clients of Kuwait Credit Bank.

"This year, we have launched a business banking unit

Growth of the Bank's Financial Indicators Over the Past 5 Years In KD Million

Indicator	2018	2017	2016	2015	2014
Net profits	56.1	47.6	41.1	35.2	28.2
Operational revenues	140	126	103	91.4	78.4
Customers' deposits	3,721	3,410	2,945	2,399	2,092
Financing portfolio	3,262	2,877	2,517	2,172	1,805
Assets	4,345	3,970	3,482	3,133	2,648

for SMEs to give entrepreneurs access to specially designed services and products to help them and their projects grow.", he added.

### CSR and human resources

Al-Majed stated: "Boubyan Bank concluded the past year with an excellent track record with many activities, initiatives, and outstanding social events. This highlights the leadership status Boubyan enjoys in the domain of corporate social responsibility in Kuwait, whether in terms of quality or quantity. The bank is very selective when it comes to setting its targets to highlight the importance of the private sector's contribution to build and enhance our Kuwaiti society."

"We seek to create a positive CSR model away from the existing traditional models, and we observe this in the initiatives we take or the segments we target inside or outside Kuwait.", he added.

He went on to add: "Corporate social responsibility and the implementation of its programs are not only limited to one department, rather, we consider all the bank's departments and branches to be main players in undertaking our social responsibility roles and in building the society. Our staff are our main partner in serving our society and we undertake our social responsibilities together."

During last year, the bank organized and sponsored more than 150 activities and events in Kuwait which targeted various segments and sectors in the Kuwaiti society.

"Boubyan Bank gives a special attention to its human resources as part of the bank's objective of being a developed and modern bank keeping up with international and regional changes through its young management, and the Consumer Banking Group, which comprises mostly of youths, testifies to this. The bank is known for placing the youth in leading roles, and this has further helped Boubyan Bank earn the award for the "Replacement and Nationalization of Manpower in Kuwait". The award is given on an annual basis by the Council for the Ministers of Labor for the best GCC institution," Al-Majed concluded.

## How US-China talks differ from any other trade deal

WASHINGTON: The trade deal that US negotiators are seeking with China may have more in common with a sanctions-monitoring regime than a traditional trade pact.

The administration of US President Donald Trump is pushing China to agree to regular reviews of its compliance as a condition of any trade deal between the world's two biggest economies, according to people familiar with the talks. The proposal for reviews is one key way in a US-China deal could differ from typical trade deals across the world, in part because of the deep distrust between their two governments.

Here's a breakdown of the issues that are unique to the bilateral talks:

Will a deal end the threat of tariffs on Chinese goods?

Not likely. The United States has not made public any offers to lift tariffs, although negotiators for both nations are working to avoid a scheduled March 2 tariff increase on \$200 billion worth of Chinese goods. US officials see the continuing threat of tariffs as the "teeth" in any agreement. The United States alleges that Chinese companies have coerced their US partners into improperly transferring proprietary technology - an allegation Beijing denies. The demand for frequent compliance reviews reflects frustration among US officials who have complained that China's has failed to follow through on past commitments to implement free-market reforms.

Will china purchase more US goods as part of a deal?

China has proposed buying additional US services and goods, including soybeans and energy products, people familiar with the talks have said. US Treasury Secretary Steven Mnuchin in December said China had offered to make an additional \$1.2 trillion in additional purchases from the United States, and Bloomberg reported Friday that China has proposed purchases that would eliminate the US trade deficit with China by 2024. Economists have argued that significantly reducing the US trade deficit will be difficult, given that the strong American economy and consumer spending means that demand for imports is strengthening. The United States had a \$375 billion goods trade deficit with China in 2017, and will likely exceed that for 2018 when final US Census Bureau trade data are released.—Reuters

## Ren Zhengfei breaks silence to alleviate concerns around Huawei

KUWAIT: In his first interview since 2015, Ren Zhengfei broke his silence on the series of allegation that have roiled Huawei since the second half of 2018, from restrictions on the company selling 5G products and infrastructure in some Western countries, to the arrest of his daughter Huawei CFO in Canada. Ren Zhengfei spoke openly to journalists at a press conference organized at Huawei's headquarters in Shenzhen, China.

The press conference focused heavily on the topic of cybersecurity as journalists questioned the Huawei founder on allegations by some Western countries that the Chinese government could spy on foreign nations by infiltrating Huawei's 5G networks. Ren categorically denied the notion that the Chinese government could force Huawei to hand over sensitive information. In the first place, he said, the government would never make such a request: China's Ministry of Foreign Affairs has officially stated that no law in China requires any company to install backdoors for the government. He clearly stated many times in the course of the meeting that, "Neither Huawei, nor I personally, have ever received any requests from any government to provide improper information."

Ren then clarified that Huawei's position as a fully privately owned company allowed it greater flexibility than its competitors, and that Huawei is not in any way under the authority of the Communist Party of China. "There is no external institution or government department that owns our shares, not even one cent's worth." He noted that, "Because we are not a public company, so we can work truly for our ideals, and for the greater good of society. Public companies tend to focus more on their financial numbers." And Huawei's ideals are clear: "When it comes to cyber security and privacy pro-

tection, we are committed to siding with our customers. We will never harm any nation or any individual."

Ren emphasized: "We are a company, and we are a business entity. The values of a business entity are such that it must be customer-centric and the customer always comes first. Within that context, I can't see close connections between my personal political beliefs and the business actions we are going to take as a business entity."

When pressed to answer whether he would be obliged to hand over sensitive information in the unlikely event that the Chinese government make such a request, the answer was a categorical denial. "I think I already made myself very clear earlier. We will certainly say no to any such request."

Ren called directly on the US government to step back from its punitive sanctions and promote greater international collaboration. He said: "The message to the US that I want to communicate is collaboration and shared success. In our high-tech world, it is increasingly impossible for any single country or even any single country to do the whole thing. We are in a world of information. In an information society, interdependence between one another is very significant. And it is these interdependencies that drive human society to progress even faster." In today's globalized world, no company can afford to refuse international collaboration. Technological progress calls for the concerted efforts of thousands or even tens of thousands of companies working in tandem.

Despite the challenges Huawei is facing in the US market, Ren Zhengfei praised the leadership of the current US President, remarking that, "For President Trump as a person, I still believe he's a great president, in the sense that he was bold to slash taxes. I think that's conducive to the development of industries in the US."

Ren remains optimistic about Huawei's prospects, and said the company would continue to focus on the many markets which are welcoming Huawei's investment and infrastructure. "Some countries have decided not to buy equipment from Huawei. Therefore, we can shift our focus to better serve countries that welcome Huawei." He vowed that Huawei will continue to invest in R&D to ensure that their customers have access to the most



SHENZHEN: This handout photograph released by Chinese tech giant Huawei shows Huawei founder Ren Zhengfei speaking to Chinese media in Shenzhen, in China's southern Guangdong province.—AFP

advanced and innovative products currently on the market.

Ren noted that Huawei remains highly competitive in the 5G market globally. The company has landed 30-plus commercial contracts as of today, and shipped 25,000 5G base stations, in addition to possessing ownership of 2,570 5G patents. Over the next five years, Huawei pledged to invest a total of more than 4100 billion into R&D. He commented, "I believe that, as long as we develop very compelling products, there will be customers who will buy them. If your products are not good, no matter how strong you go for publicity, nobody will buy them."

He noted that Huawei had some unique advantages that no competitor could match. There are only several companies in the world working on 5G infrastructure equipment, and not many companies are engaged in microwave technology. Huawei is the only company in the world that can integrate 5G base stations with the most advanced microwave technology. With that capability, Huawei's 5G base stations do not require fiber connections. Instead, they can use superfast microwave to support ultra-wide bandwidth backhauls. This is a compelling solution that makes a lot of eco-

nomie sense for regions around the globe, and no other competitor offers it.

Ren attributed Huawei's success to its commitment to research and development. Currently, Huawei's R&D investment averages 415-20 billion per year. That puts Huawei in the top 5 position across all industries in the world in terms of R&D spending. In total, Huawei has been granted 87,805 patents. In the United States, the company has registered 11,152 core technology patents and is actively involved in 360+ standards bodies, where it has made more than 54,000 proposals. Globally, Huawei is strongest in terms of telecommunications capabilities.

Finally, when questioned about his daughter's arrest in Canada on charges of illegally maintaining business ties with Iran under a front company, he commented that he had full faith his daughter would be treated fairly: "I trust that the legal systems of Canada and the United States are open, just, and fair, and will reach a just conclusion. We will make our judgment after all the evidence is made public." He added that should any Huawei employee violate local laws anywhere in the world, whether he be Chinese or non-Chinese, Huawei would always cooperate with the investigations.